

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY SEOUL PRIORITY

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FROM COMMERCE

E.O. 11652: NA

TAGS: BMEP, KS

SUBJ: SHIPYARD FOR KSEC AT OKPO

REF: STATE 106895 AND SEOUL 3801

1. COMMERCE REPRESENTATIVES FROM MAJOR EXPORT PROJECTS DIVISION MET WITH NAMKOONG, LEE AND CHOI OF KSEC ON JUNE 27. WE OFFERED ASSISTANCE FOR SOLICITING U.S. INVOLVEMENT IN EITHER TURN-KEY OR PEICEMEAL CONSTRUCTION. THEY WERE NONCOMMITAL. DELEGATION'S INTEREST SEEMS TO BE IN VIEWING U.S. SHIPYARDS AND NOT REPEAT NOT IN EXPLORING PARTICIPATION BY US FIRMS.

2. DELEGATION HAS NOW VISITED FIVE US SHIPYARDS (BETHLEHEM STEEL AT SPARROWS POINT, MD., SEATRAN AT BROOKLYN, N.Y. NATIONAL STEEL IN SAN DIEGO, AVONDALE IN LA., AND THE LITTON YARD IN MISS.) SHIPYARD REPRESENTATION.
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TATIVES CONFIRM THAT PRINCIPAL INTEREST SEEMED TO BE IN

LEARNING WHAT AND WHOSE EQUIPMENT WAS IN THESE YARDS. GROUP HAS ALSO BEEN IN NEW YORK WHERE THEY MET WITH MORGAN GUARANTEE OFFICIALS. MORGAN PROFESSES LITTLE KNOWLEDGE AS TO HOW PROJECT WILL BE STRUCTURED.

3. AS EMBASSY AWARE, THE RALPH M. PARSONS COMPANY DELEGATION TO THE MACHING INDUSTRY CONFERENCE HAD EXTENSIVE CONVERSATIONS REGARDING THIS PROJECT. THEY HAVE SUBSEQUENTLY ADVISED US THAT THEY ARE PREPARED TO PURSUE PROJECT ON A TURN-KEY BASIS, INCLUDING ATTEMPTING TO INTEREST AND INVOLVE OPERATING EXPERTISE IF NECESSARY. IT IS THEIR DESIRE TO UTILIZE MOMENTUM INITIATED BY THE CONFERENCE TO IMPROVE CHANCES FOR WINNING A CONTRACT WHICH WOULD UTILIZE THE EXIMBANK PRELIMINARY COMMITMENT. THIS INFORMATION WAS TRANSMITTED TO NAMKOONG BY KSEC KOREA BUT PARSONS HAS BEEN ABLE TO MAKE ONLY PHONE CONTACT SO FAR WITH THE TEAM.

4. WESTERN GEAR REPRESENTATIVES MADE SPECIAL TRIP TO SAN DIEGO FROM SEATTLE, BUT WERE UNSUCCESSFUL IN MEETING WITH NAMKOONG AND HIS GROUP, EVEN THOUGH TEY HAD MADE PREVIOUS ARRANGEMENTS.

5. COMMERCE HOPES TO MEET WITH NAMKOONG AND DELEGATION FOR DEBRIEFING BEFORE THEIR DEPARTURE FOR EUROPE. WILL INFORM POST OF RESULTS OF THAT MEETING.

6. FYI. WE ARE CONCERNED THAT THIS VISIT TO U.S. MIGHT POSSIBLY BE SMOKE SCREEN. NAMKOONG HAS NOT BEEN AS INFORMATIVE AS WE HAD HOPED IN DISCUSSING PLANS OF THE KSEC YARD. NOTWITHSTANDING THE APPARENT LACK OF ENGINEERING AND PLANNING FROM ANY SOURCE, HE SAYS THEY ARE STILL ADHEREING TO CONSTRUCTION SCHEDULE TO BEGIN BY OCTOBER. END FYI.

ACTION REQUESTED

WOULD APPRECIATE EMBASSY EXPLORING KSEC'S CONSTRUCTION SCHEDULE AS WELL AS POSSIBILITY OF EXISTING FOREIGN COMMITMENTS BY KSEC FOR BOTH ENGINEERING AND EQUIPMENT. LIMITED OFFICIAL USE

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WE RECOMMEND HIGH-LEVEL EMBASSY OFFICIAL APPROACH APPROPRIATE ROKG OFFICIALS AND ATTEMPT TO GAIN A FRANK DISCLOSURE OF THE EXACT STATUS OF THIS PROJECT AND THE CHANCES FOR U.S. ENGINEERING AND CAPITAL EQUIPMENT EXPORTERS. AT THIS TIME THE PARSON'S INTEREST STEMMING FROM THE MACHINE INDUSTRY CONFERENCE CAN BE REITERATED AND USG CONFIDENCE IN PARSON'S ABILITY TO PERFORM CAN BE REINFORCED. WE BELIEVE THIS PROJECT REPRESENTS CHANCE FOR

ROKG TO DEMONSTRATE THEIR SINCERITY IN EXPRESSIONS
THEY HAVE MADE TO BOTH EMBASSY AND COMMERCE OFFICIALS
CONCERNING EFFORTS TO SEEK U.S. SOURCES FOR SIGNIFICANT
SERVICE AND EQUIPMENT CONTRACTS.
DECLASSIFY UPON RECEIPT. ROGERS

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